

Data Sheet

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| USAID Mission: | Ukraine |
| Program Title: | Small and Medium Enterprise and Agriculture |
| Pillar: | Economic Growth, Agriculture and Trade |
| Strategic Objective: | 121-0132 |
| Status: | Continuing |
| Planned FY 2005 Obligation: | \$12,320,000 FSA |
| Prior Year Unobligated: | \$38,000 DCA; \$856,000 FSA |
| Proposed FY 2006 Obligation: | \$11,470,000 FSA |
| Year of Initial Obligation: | 2003 |
| Estimated Year of Final Obligation: | 2007 |

Summary: USAID's program to accelerate small and medium enterprise (SME) and agriculture includes training and technical assistance to: 1) improve the competitiveness of SME and agriculture; 2) increase access to land and credit; and 3) create the legal and regulatory environment to support and sustain competitive markets, trade, and investment.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Private Sector Growth (\$2,101,000 FSA). USAID's BIZPRO project will focus on increasing competitiveness in rapidly expanding SME sectors to increase SME GDP and SME employment by providing training and consultation to competitive business sectors. In 2005, the portion of GDP attributable to SMEs and SME employment will increase approximately 6% to USAID assistance. The Agricultural Marketing Project (AMP) will focus on commercial farming and increasing access to profitable markets through post-harvest technologies.

Strengthen the Financial Sector's Contribution to Economic Growth (\$4,682,000 FSA, \$491,000 FSA carryover, \$38,000 DCA carryover). The Access to Credit project (ATC) will begin to mobilize credit for small and medium businesses, prospective homeowners, farmers, and municipalities. The results expected are: 1) a certified mortgage lending program to five banks; 2) placement of a mortgage-backed security; 3) establishment of a national credit bureau; 4) placement of at least one pilot municipal bond; 5) provision of certified leasing courses for leasing companies and banks. USAID will also transfer funds to Development Credit Authority (DCA) to support the Access to Credit program. DCA will guarantee up to 50% of primary loans with a term of 7-10 years for mortgage-backed bonds (\$6 million) and municipal bonds (\$10 million) for municipal services (e.g., water, sewage and district heating).

West/NIS Enterprise Fund will sell its interest in the SBK brick factory valued at \$13.5 million, yielding the fund an internal rate of return of 22.5%. The fund will transform its mortgage lending program into the International Mortgage Bank. USAID will support the growth in the credit portfolio of partner banks to reach small clients and farmers unable to offer the required collateral to the majority of commercial banks. Principal contractors/grantees: Development Alternatives International; Land O'Lakes, Pragma Corporation, West/NIS Enterprise Fund, and ProCredit Bank, Nadra Bank, and UkrSibBank (all prime).

Improve Economic Policy and Governance (\$1,500,000 FSA, \$365,000 FSA carryover). USAID will develop seven agricultural reform policy proposals for the incoming government. These proposals will set the stage for a new agricultural policy activity in 2005 to remove administrative control of agricultural markets, and to provide the public with information about issues such as WTO accession. USAID's new agricultural policy project, which is contingent upon the Government of Ukraine (GOU) commitment to agricultural market reform, will assist the GOU to adopt legislative measures that remove administrative control of agricultural markets and strengthen agricultural associations to replace government regulatory functions with Self-Regulating Organizations. The new agricultural policy project will contribute to: 1) a 20% annual increase in investment in Ukraine's agricultural production and processing sector; 2) 10% annual

growth in agricultural exports; 3) 7% annual growth in rural incomes; and 4) privatization of government agricultural enterprises. Principal contractors/grantees: to be determined (TBD).

Improve Agricultural Productivity (\$1,887,000 FSA). The Ukraine Land Titling Initiative (ULTI) will expand its legal assistance program nationally to complete remaining land titles, and to enact a legal and regulatory framework to support a land market. The project will provide an additional 250,000 land titles and increase the number of Oblast Legal Aid Centers by 15 to help ensure completion of agricultural land privatization in Ukraine. The Agricultural Marketing Project (AMP) will continue to increase agricultural productivity through its market development program. Principal contractors: Chemonics International and Land O'Lakes (all prime).

Improve Institutions of Higher Education (\$2,150,000 FSA). Business Management Education (BME) project will continue improving the quality of MBA and PDS programs to improve and advance towards sustainability. Principal grantee: University of Minnesota (prime).

FY 2006 Program: Improve Private Sector Growth (\$1,751,000 FSA). The Agricultural Marketing Project will expand domestic and export markets, and create a self-sustaining national market information system for agricultural prices and technical information. USAID will launch a new SME development project that will focus on competitive business sectors to: 1) increase SME enterprises' access to new markets; 2) help Ukrainian products meet industry-specific standards and certification; 3) locate U.S. business partners; 4) establish industry trade associations to lobby local and regional governments on specific industry issues; and 5) reduce legal and regulatory barriers to trade and investment. Principal contractors: Chemonics International, Land O'Lakes (all prime).

Strengthen the Financial Sector's Contribution to Economic Growth: (\$6,350,000 FSA). USAID will transfer \$2,100,000 to DCA to improve the financial sector. USAID will assist Ukraine's banking sector to establish a certified mortgage lending program expanded to at least 30 banks. The West/NIS Enterprise fund will receive its final obligation. Implementers are the same as above.

Improve Economic Policy and Governance (\$1,369,000 FSA). USAID will complete the major policy initiatives in government administrative reform to enable the GOU to assist agricultural market development and strengthening public input into policy development. By 2006, the CIPA program for international accounting reform for training, examination and certification will be commercially sustainable. Implementers are the same as above.

Improve Agricultural Productivity (\$2,000,000 FSA). AMP will continue to expand Ukraine's market share of food products in international markets. Under its commercial farming component, AMP will continue to provide small- and medium-sized farmers with farm management and marketing training, technical assistance in implementing new/improved production practices, and market information services to increase their net income. Implementers are the same as above.

Performance and Results: USAID's current program provides approximately \$10 of economic benefits for every dollar spent, on average. The programs with the greatest cost-benefit ratios are the Agricultural Policy Project, which has a cost-benefit ratio of \$867, and the Grain Warehouse Receipts program, which has a ratio of \$267.

US Financing in Thousands of Dollars

Ukraine

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| 121-0132 Small and Medium Enterprise and Agriculture | DCA | FSA |
| Through September 30, 2003 | | |
| Obligations | 0 | 20,837 |
| Expenditures | 0 | 9,342 |
| Unliquidated | 0 | 11,495 |
| Fiscal Year 2004 | | |
| Obligations | 155 | 29,100 |
| Expenditures | 0 | 11,931 |
| Through September 30, 2004 | | |
| Obligations | 155 | 49,937 |
| Expenditures | 0 | 21,273 |
| Unliquidated | 155 | 28,664 |
| Prior Year Unobligated Funds | | |
| Obligations | 38 | 856 |
| Planned Fiscal Year 2005 NOA | | |
| Obligations | 0 | 12,320 |
| Total Planned Fiscal Year 2005 | | |
| Obligations | 38 | 13,176 |
| Proposed Fiscal Year 2006 NOA | | |
| Obligations | 0 | 11,470 |
| Future Obligations | 0 | 0 |
| Est. Total Cost | 193 | 74,583 |